
Joint Release

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Office of Thrift Supervision**

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**FFIEC Agencies Issue Guidance on Credit Card
Account Management and Loss Allowance Practices**

Under the auspices of the Federal Financial Institutions Examination Council, the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision today issued guidance governing account management and loss allowance practices for credit card lending.

The guidance applies to all banks and thrifts. The agencies developed the guidance in response to recent examinations that disclosed a number of inappropriate account management, risk management, and loss allowance practices.

The agencies' objective in issuing the guidance is to assist financial institutions in conducting credit card lending activities in a safe and sound manner, while meeting the needs of their customers. The guidance outlines the supervisory agencies' expectations for prudent risk management, income recognition, and loss allowance practices.

The agencies carefully reviewed and considered the comments received from individuals, institutions, community groups, and trade associations following publication of a draft of the guidance on July 22. In response to the comments, the agencies made changes to:

- Clarify documentation expectations for line increase programs.
- Clarify expectations for over-limit practices.
- Provide guidance for minimum payments and negative amortization.
- Revise the repayment period for workout accounts.

The agencies recognize that some institutions may require additional time to implement changes in policies, practices, and systems in order to achieve full consistency with the credit card guidance. Those institutions should work with their primary federal regulator to ensure implementation of needed changes as promptly as possible.

With respect to income recognition and loss allowance practices for credit card lending,

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the guidance reflects generally accepted accounting principles (GAAP), existing interagency policies on loss allowances, and current Call Report and Thrift Financial Report instructions. The agencies expect continued and ongoing compliance with GAAP and these reporting instructions.

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